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**UNITED STATES DISTRICT COURT FOR THE  
NORTHERN DISTRICT OF CALIFORNIA**

ALICIA HERNANDEZ, EMMA WHITE,  
KEITH LINDNER, TROY FRYE,  
COSZETTA TEAGUE, IESHA BROWN,  
RUSSELL and BRENDA SIMONEAUX,  
JOHN and YVONNE DEMARTINO, ROSE  
WILSON, TIFFANIE HOOD, GEORGE and  
CYNDI FLOYD, and DIANA TREVINO,  
individually and on behalf of all others  
similarly situated,

Plaintiff,

v.

WELLS FARGO & COMPANY, and  
WELLS FARGO BANK, N.A.,

Defendants.

Case No. 3:18-cv-07354-WHA

**FIRST AMENDED  
CLASS ACTION COMPLAINT  
DEMAND FOR JURY TRIAL**

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## INTRODUCTION

1  
2 1. Plaintiffs are among the hundreds of homeowners who lost their homes to foreclosure  
3 because Wells Fargo wrongly determined they did not qualify for a mortgage modification.

4 2. This was not an accident, but rather the result of years of a willful and reckless lack of  
5 central oversight by Wells Fargo's Board and executive leadership that has led to repeated compliance  
6 breakdowns and billions of dollars in government fines.

7 3. For years, Wells Fargo failed to verify or audit its loan modification software to ensure it  
8 was properly calculating homeowners' eligibility for government-mandated mortgage modifications.  
9 Material errors remained uncorrected in the software for five to eight years, if not longer.

10 4. The federal government cited Wells Fargo in 2011 for failing to adequately audit its  
11 mortgage modification and foreclosure procedures, and Wells Fargo's Board and executive leadership  
12 promised to implement ongoing testing to ensure that the Bank complied with government  
13 requirements in the future. But they failed to live up to that promise and multiple errors in Wells  
14 Fargo's decision-making software remained unaddressed.

15 5. Wells Fargo's leadership failed to implement adequate testing even after the government  
16 found that another error in the Bank's software had led the Bank to wrongfully deny mortgage  
17 modifications in 2013-2014. Wells Fargo was cited again for failing to properly oversee the Bank's  
18 mortgage modification and foreclosure operations, but still did nothing to stop others like Plaintiffs  
19 from being wrongfully denied mortgage modifications and foreclosed upon.

20 6. Not until 2015 did Wells Fargo discover one of the errors that led it to wrongfully deny  
21 mortgage modifications to Plaintiffs and hundreds of other homeowners. But rather than coming clean,  
22 Wells Fargo kept its discovery secret—likely in an effort to avoid additional government penalties.  
23 The government had previously imposed restrictions on Wells Fargo's mortgage servicing business and  
24 announced fines, with the amount of the fine and the duration of business restrictions dependent on the  
25 length and severity of the Bank's continued non-compliance. Had Wells Fargo disclosed another  
26 scandal that led it to unlawfully deny mortgage modifications to hundreds of customers, the  
27 government likely would not have lifted its business restrictions in 2016 and would have imposed a far  
28 more severe penalty than the \$70 million fine it ultimately issued.

1           7.       The Wells Fargo Board’s repeated failure to fulfill its oversight responsibilities, despite  
2 promising to do so as part of multiple consent decrees, has grown so flagrant—and led to so many  
3 scandals and consumer abuses—that the Federal Reserve just last year placed an asset-cap on Wells  
4 Fargo that will not be lifted until Wells Fargo convinces the government it has finally reformed its  
5 central oversight practices. The Federal Reserve’s cease-and-desist order has been described as a “Fear  
6 of God Penalty,” with one expert opining that the Bank is “lucky it is too big to shut down.”

7           8.       After the Federal Reserve issued the asset-cap in February 2018, Wells Fargo announced  
8 an overhaul of its Board. Wells Fargo has since disclosed to its shareholders what it learned in 2015—  
9 that hundreds of its customers were wrongfully and unlawfully denied mortgage modifications, with  
10 many of those customers subsequently losing their homes. Following that initial disclosure, Wells  
11 Fargo discovered yet another error in its automated decision-making tool, which caused even more  
12 homeowners to be wrongfully denied mortgage modifications. Wells Fargo has warned its customers  
13 that even more errors and more affected customers may be uncovered as its review continues.

14           9.       Although Wells Fargo publicly claims to be turning over a new leaf to make things right  
15 for its customers, it is unwilling to fairly compensate the customers whose lives its reckless behavior  
16 forever changed. Hundreds lost their homes and yet Wells Fargo told its shareholders it was allocating  
17 less than \$13,000 per person as remediation. Wells Fargo then moved to dismiss this action with  
18 prejudice, so that its customers would receive nothing more than it pre-allocated for them. Wells Fargo  
19 wants to be the sole arbiter of how much remediation it should pay—with little regard for the financial  
20 and emotional devastation its reckless behavior has wrought on Plaintiffs’ and class members’ lives.

21           10.      Plaintiffs are seeking to hold Wells Fargo and its leadership truly responsible for their  
22 repeated and deliberate failure to ensure the Bank was complying with legal requirements. They seek  
23 certification of a nationwide class of homeowners wrongly denied a mortgage modification; a larger  
24 emotional distress class to address the claims of children and other family members who also lost their  
25 homes as a result of Wells Fargo’s conduct; and several statewide classes that will allow class members  
26 to efficiently pursue additional claims under state consumer protection laws. Plaintiffs also intend to  
27 pursue entry of an injunction or other equitable relief sufficient to prevent the continued use of Wells  
28 Fargo’s unfair practices, and treble and punitive damages pursuant to state law.

**JURISDICTION**

11. The Court has subject matter jurisdiction over this action under 28 U.S.C. § 1332(d)(2) because this is a class action in which the amount in controversy exceeds \$5,000,000, exclusive of interest and costs; in the aggregate, there are more than 100 members in the proposed classes; and at least one class member is a citizen of a state different from any defendant.

12. Venue is proper in this Court under 28 U.S.C. §1391(b) because Defendants reside in this district and because a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in this district.

**INTRADISTRICT ASSIGNMENT**

13. Assignment to the Oakland/San Francisco division is proper because Wells Fargo & Company is headquartered in San Francisco, California and a substantial part of the events or omissions giving rise to Plaintiffs' claims occurred there.

**PARTIES**

14. Plaintiff Alicia Hernandez is a resident and citizen of Easton, Pennsylvania. Ms. Hernandez was denied a mortgage modification and her New Jersey condominium was foreclosed upon as a result of the conduct alleged herein.

15. Plaintiff Debora Granja is a resident and citizen of Eugene, Oregon. Ms. Granja was denied a mortgage modification and her home in Brentwood, California, was foreclosed upon as a result of the conduct alleged herein.

16. Plaintiff Keith Lindner is a resident and citizen of California. Mr. Lindner was denied a mortgage modification and lost his home in Visalia, California, as a result of the conduct alleged herein.

17. Plaintiff Emma White is a resident and citizen of Jacksonville, Florida. Ms. White was denied a mortgage modification and her home in Callahan, Florida, was foreclosed upon as a result of the conduct alleged herein.

18. Plaintiff Coszetta Teague is a resident and citizen of Homewood, Illinois. Ms. Teague was denied a mortgage modification and her home in Calumet City, Illinois, was foreclosed upon as a result of the conduct alleged herein.

1           19.     Plaintiff Iesha Brown is Ms. Teague's daughter, and also a citizen and resident of  
2 Illinois.

3           20.     Plaintiffs Russell and Brenda Simoneaux are residents and citizens of Baton Rouge,  
4 Louisiana. Mr. and Mrs. Simoneaux were denied a modification of the mortgage on their Louisiana  
5 home as a result of the conduct alleged herein.

6           21.     Plaintiffs John and Yvonne Demartino are residents and citizens of Baltimore,  
7 Maryland. The Demartinos were denied a mortgage modification and their house in Baltimore,  
8 Maryland, was foreclosed upon as a result of the conduct alleged herein.

9           22.     Plaintiff Rose Wilson is a resident and citizen of New York. Ms. Wilson was denied a  
10 mortgage modification and her New York home was foreclosed upon as a result of the conduct alleged  
11 herein.

12           23.     Plaintiff Tiffanie Hood is a resident and citizen of Ohio. Ms. Hood was denied a  
13 mortgage modification and her Ohio home was foreclosed upon as a result of the conduct alleged  
14 herein.

15           24.     Plaintiffs George and Cyndi Floyd are residents and citizens of Philadelphia,  
16 Pennsylvania. The Floyds were denied a mortgage modification and their house in Lancaster,  
17 Pennsylvania, was foreclosed upon as a result of the conduct alleged herein.

18           25.     Plaintiff Troy Frye is a resident and citizen of Georgia. Mr. Frye was denied a mortgage  
19 modification and lost his home in Hephzibah, Georgia, as a result of the conduct alleged herein.

20           26.     Plaintiff Diana Trevino is a resident and citizen of Richardson, Texas. Ms. Trevino was  
21 denied a mortgage modification and her Texas home was foreclosed upon as a result of the conduct  
22 alleged herein.

23           27.     Defendant Wells Fargo & Company, is a Delaware corporation headquartered in San  
24 Francisco, California, and a registered bank holding company that owns and controls Defendant Wells  
25 Fargo Bank, N.A.

26           28.     Defendant Wells Fargo Bank, N.A., is a national banking association with its main  
27 office in Sioux Falls, South Dakota, and designated principal place of business in San Francisco,  
28 California.



29. For purposes of this complaint, Plaintiffs will use “WFC” to refer to Wells Fargo & Company, “Bank” to refer to Wells Fargo Bank, N.A., and “Wells Fargo” when referring to both of the defendants. As explained in further detail below, the Bank and WFC shared responsibility for ensuring that the Bank’s operations were properly tested to ensure compliance with HAMP and other government requirements, with ultimate responsibility lying with WFC’s Board of Directors, and its Audit & Examination Committee in particular. There also exists a high-degree of built-in overlap between the two defendants due to the fact that WFC owns and controls the Bank, and that the Bank directors responsible for ensuring compliance with HAMP and other government requirements were also WFC executives and/or directors.

### FACTUAL ALLEGATIONS

#### **A. Wells Fargo Wrongfully Forecloses on Its Customers’ Homes**

30. Plaintiffs are among the millions of homeowners who had trouble making ends meet during the Great Recession. They fell behind on their mortgage payments and needed help to avoid losing their homes.

31. The Home Affordable Modification Program (HAMP) was designed to provide the very help that Plaintiffs and class members needed. Introduced pursuant to the Emergency Economic Stabilization Act of 2008, HAMP required mortgage servicers to offer loan modifications to borrowers who met certain threshold requirements. These modifications would lower a borrower’s mortgage payments to a manageable level (typically 31 percent of the borrower’s monthly income) and allow the borrower to avoid foreclosure.

32. Similar threshold requirements were incorporated into the mortgage modification requirements of government-sponsored enterprises (or GSEs), such as Fannie Mae and Freddie Mac, and the Federal Housing Administration (FHA).

33. Plaintiffs and class members met the threshold requirements for a mortgage modification and as their mortgage servicer, Wells Fargo Bank, was required to offer them a loan modification. Wells Fargo failed to do so, however, and instead foreclosed on Plaintiffs and more than five hundred other class members who could not make their monthly payments without a modification.

34. Another three hundred class members were just able to stave off foreclosure, but not

1 without overcoming numerous financial and emotional difficulties that could have been avoided if  
2 Wells Fargo had lowered their mortgage payments as HAMP required.

3 **B. Wells Fargo Fails to Adequately Test Its Automated Decision-Making Tool Over a**  
4 **Period of at Least 8 Years**

5 35. Wells Fargo has only recently acknowledged that it wrongfully denied Plaintiffs and  
6 class members mortgage loan modifications to which they were entitled under HAMP and other  
7 government requirements.

8 36. In form letters sent to Plaintiffs and class members in late 2018, Wells Fargo claimed  
9 that its decision was based on a “faulty calculation.” The problem goes much deeper than a single  
10 miscalculation, however, and reflects the same type of extreme and outrageous conduct that has  
11 embroiled Wells Fargo in a string of public scandals.

12 37. Between 2010 and 2018, Wells Fargo failed to detect multiple systematic errors in its  
13 automated decision-making tool. This software determined customers’ eligibility for a government-  
14 mandated mortgage modification during a time of extreme financial distress. Its importance to these  
15 customers’ lives cannot be overstated. Yet Wells Fargo not only failed to verify that its software was  
16 correctly calculating whether customers met threshold requirements for a mortgage modification, it  
17 failed to regularly and properly audit the software for compliance with government requirements—  
18 allowing life-changing errors to remain uncorrected for years on end.

19 38. Wells Fargo was not required to develop its own tool to calculate whether its customers  
20 were eligible for government-mandated mortgage modifications. The government provided a free  
21 software tool for mortgage servicers to use in determining whether homeowners met threshold  
22 requirements. If Wells Fargo was not going to properly verify and audit its own software, it could  
23 have—and should have—used the free software instead.

24 39. As a result of Wells Fargo’s deficient auditing and compliance procedures, the Bank  
25 repeatedly violated HAMP and other government requirements over a period of at least eight years and  
26 denied Plaintiffs and class members mortgage modifications that the Bank was legally required to offer.  
27  
28

**C. Wells Fargo's Leadership Fails to Implement Adequate Testing Even After Promising to Do So as Part of 2011 Consent Decrees**

40. Wells Fargo failed to use appropriate auditing and compliance procedures even after a 2010 investigation by the Office of Comptroller of the Currency (OCC) found numerous deficiencies in the Bank's mortgage modification and foreclosure practices.

41. The OCC found, among other things, that the Bank had failed to devote adequate oversight to its foreclosure processes, failed to ensure compliance with applicable laws, and failed to adequately audit its foreclosure procedures.

42. Wells Fargo agreed to correct these deficiencies in two 2011 consent orders, one of which was signed by the Bank's Board of Directors (all of whom were also officers and/or directors of Wells Fargo & Company), and the other of which was signed by WFC pursuant to a resolution passed by WFC's Board of Directors.

43. Wells Fargo pledged in the 2011 consent orders to maintain adequate governance and controls to ensure compliance with HAMP; to engage in ongoing testing for compliance with HAMP; and to ensure that the Bank's mortgage modification and foreclosure practices were regularly reviewed and any deficiencies promptly detected and remedied. The Bank also promised to maintain a Compliance Committee of board members to monitor its ongoing compliance with the Consent Order.

44. In one of the consent orders, the Federal Reserve specifically ordered the WFC's Board of Directors to take steps to ensure the Bank complied with its obligations under the consent orders, including by strengthening the Board's oversight of compliance with HAMP and other government requirements; to ensure that audit and compliance programs were adequately staffed; and to improve the information and reports that would be regularly reviewed by WFC's Board of Directors.

45. Wells Fargo subsequently reported to the Federal Reserve that the Bank's Compliance Committee was meeting as required, that the Audit & Examination Committee of WFC's Board of Directors would also assume ongoing responsibility for oversight and compliance based on improved reporting, and that WFC's Chief Operational Risk Officer (CORO) was providing both the Compliance Committee and the Audit & Examination Committee with the necessary information and testing results for them to effectively oversee the Bank's mortgage modification and foreclosure practices and ensure compliance with HAMP and other government requirements.

46. Together, Wells Fargo's executives and board members—in particular, Wells Fargo's Compliance Committee, Chief Operational Risk Officer, and Audit & Examination Committee—were supposed to make sure that the Bank conducted the necessary testing to detect and remedy any violations of HAMP and other government requirements. They repeatedly failed to fulfill these obligations over the course of several years, however—in violation of the promises they made in the 2011 Consent Order and in callous disregard of the well-being of their customers.

47. Four years after Wells Fargo agreed to the terms of the 2011 consent orders, in June 2015, the OCC found that the Bank was still in continuing noncompliance. Among other things, the OCC found that Wells Fargo had not maintained ongoing testing for compliance with HAMP and other government requirements; had not ensured that the Bank's audit and compliance programs had the requisite authority and status within Wells Fargo so that deficiencies in the Bank's mortgage modification and foreclosure practices would be identified and promptly remedied; and had not ensured that the Bank was making reasonable good faith efforts, consistent with HAMP and other government requirements, to modify delinquent mortgage loans and prevent foreclosures of its customers' homes.

**D. Wells Fargo Conceals Its Discovery of One of the Systematic Errors from Regulators and Consumers**

48. In response to Wells Fargo's ongoing violations of the 2011 Consent Order, the OCC prohibited the Bank from growing its residential mortgage servicing business until Wells Fargo brought its operations into compliance with an amended consent order. The OCC also stated that it would be taking additional action against Wells Fargo, the nature and severity of which would depend on the nature, length, and severity of the Bank's continued noncompliance with the amended consent order.

49. As a result of Wells Fargo's continuing failure to implement adequate auditing and compliance procedures, Wells Fargo failed to catch an error in its mortgage modification software that led the Bank to wrongly deny mortgage modifications to 184 customers between March 2013 and October 2014. The OCC specifically noted this error in its May 24, 2016 order requiring Wells Fargo to pay a civil money penalty of \$70 million.

50. Unbeknownst to the OCC, Wells Fargo had discovered another error in its mortgage modification software in October 2015—one of the errors at issue in this case—which caused the Bank

1 to wrongly deny mortgage modifications to 625 customers. Well Fargo decided not to tell anybody it  
 2 had discovered this error—likely as part of an effort to avoid a larger penalty from the OCC and ensure  
 3 that the OCC would terminate its supervision of the Bank under the 2011 Consent Order and lift the  
 4 business restrictions it had imposed in 2015.

5 51. The Bank's seven-member Board of Directors, each of whom also served on WFC's  
 6 Board of Directors, signed the stipulation under which the Bank accepted the \$70 million penalty and  
 7 acknowledged the error that led the Bank to wrongly deny mortgage modifications to 184 customers in  
 8 2013-2014. These directors did not disclose that the Bank had discovered another error—either  
 9 because their oversight was so non-existent that they did not know, or because they chose to  
 10 deliberately mislead the OCC to minimize the Bank's penalty and ensure that the OCC lifted the  
 11 business restrictions it had imposed on the Bank.

12 52. To make matters worse, even after discovering the 2015 error, Wells Fargo still did not  
 13 reform its auditing and verification practices. Related errors that would affect an additional 145  
 14 customers were not discovered until three years later.

15 **E. Wells Fargo's Repeated Failure to Test Its Automated Tool Stems from the**  
 16 **Company's Chronic and Intentional Lack of Central Oversight**

17 53. The failure of Wells Fargo's executives and board members to implement adequate  
 18 auditing and compliance procedures was not an accident. As scandal after scandal comes to light, it has  
 19 become all too clear that Wells Fargo's leaders intentionally abandoned their oversight  
 20 responsibilities—and did so to a shocking degree.

21 54. The most notorious example is the fraudulent account scandal uncovered in 2016, when  
 22 it was revealed that Wells Fargo employees were encouraged to sign up customers for some 3.5 million  
 23 checking and credit card accounts without their knowledge. Wells Fargo was fined \$185 million by  
 24 federal regulators and over 5,000 employees (roughly 1% of Wells Fargo's workforce) were fired for  
 25 their involvement in the scandal.

26 55. The fraudulent account scandal also involved the Audit & Examination Committee,  
 27 which ignored quarterly reports detailing suspicious sales activities for over a decade and rebuffed an  
 28 institutional investor's request that the Board address its lack of comprehensive audit procedures and

1 adjust compensation policies to discourage abusive sales practices. The two executives most associated  
 2 with the fraudulent account scandal—John G. Stumpf and Carrie L. Tolstedt—were signatories to one  
 3 of the 2011 consent orders discussed above and among those responsible for Wells Fargo’s failure to  
 4 comply with the orders by implementing adequate auditing and compliance procedures.

5 56. This case and the fraudulent account scandal are far from the only examples of Wells  
 6 Fargo’s Board and executive leadership abdicating their oversight responsibilities. Wells Fargo’s  
 7 Board and executive leadership have consistently ignored unlawful practices throughout the Bank’s  
 8 lending divisions, leading to an unprecedented series of government fines. To give just a few more  
 9 examples:

- 10 1. In July 2012, Wells Fargo agreed to pay \$175 million to settle charges that its mortgage  
 11 lending practices discriminated against African-American and Hispanic borrowers
- 12 2. In January 2013, Wells Fargo was one of ten major lenders that agreed to pay a total of  
 13 \$8.5 billion to resolve claims of foreclosure abuses
- 14 3. In September 2013, Wells Fargo agreed to pay \$869 million to resolve claims it had  
 15 misrepresented the quality of mortgage loans it sold to Freddie Mac
- 16 4. In April 2016, Wells Fargo agreed to pay \$1.2 billion and accepted responsibility for  
 17 falsely certifying that mortgage loans were eligible for FHA insurance
- 18 5. In August 2016, Wells Fargo agreed to pay a \$3.6 million penalty to resolve allegations  
 19 that it engaged in illegal student loan servicing practices
- 20 6. In April 2018, Wells Fargo was fined a total of \$1 billion for improperly force-placing  
 21 insurance on its auto-loan customers (often leading to wrongful vehicle repossessions)  
 and charging its mortgage-loan customers excessive rate-lock fees
- 22 7. In December 2018, Wells Fargo agreed to pay \$575 million to resolve allegations it  
 engaged in a variety of improper practices, including selling customers renters’ and life  
 insurance they did not ask for and overcharging for GAP auto insurance

23 57. Just as it did in the 2011 Consent Order, Wells Fargo often promised to reform its  
 24 central oversight as part of its settlements with the government. Each time, Wells Fargo’s Board and  
 25 executives failed to live up to those promises and continued to abdicate their oversight responsibilities.  
 26 As the OCC stated in April 2018, “Since at least 2011, the Bank has failed to implement and maintain a  
 27 compliance risk management program commensurate with the Bank’s size, complexity and risk  
 28 profile,” which has “caused the Bank to engage in reckless unsafe or unsound practices and violations  
 of law.”

1           58. Wells Fargo’s persistent failure to implement adequate auditing and compliance  
2 procedures has grown so flagrant and resulted in so many consumer abuses that, in February 2018, the  
3 Federal Reserve Board announced that it would prohibit Wells Fargo from expanding its business until  
4 it sufficiently improves its governance and controls.

5           59. In its Cease and Desist Order to Wells Fargo, the Federal Reserve Board found that  
6 Wells Fargo had pursued a business strategy that emphasized sales and growth without ensuring that  
7 senior management had maintained an adequate risk management framework, which resulted in weak  
8 compliance practices.

9           60. Wells Fargo was ordered to submit a plan for reforming Board oversight and  
10 governance, including steps that it will take to hold senior management accountable, maintain a  
11 management structure that promotes effective oversight and compliance control, and ensure the  
12 comprehensive reporting necessary for the Board to oversee the firm’s execution of its compliance  
13 control program.

14           61. Wells Fargo was also ordered to submit a plan for reforming its firm-wide compliance  
15 program, which must include effective testing and validation measures for compliance with applicable  
16 laws.

17           62. Until Wells Fargo’s plans for reform are approved by the Federal Reserve and the  
18 implementation of those reforms pass independent review by a third-party auditor, Wells Fargo is  
19 subject to an asset cap that restricts the company from growing larger.

20           63. As one banking expert told the New York Times, Wells Fargo “is lucky it is too big to  
21 shut down.” “A smaller bank might have lost its banking licenses.”

22           **F. Wells Fargo’s Disclosure of the 2015 Error and Discovery of More Errors**

23           64. A few months after the Federal Reserve’s 2018 Cease and Desist Order, and facing the  
24 prospect of review by a third-party auditor, Wells Fargo finally disclosed the 2015 error—first to its  
25 shareholders in its Q2 2018 Form 10-Q and then to the customers who were denied mortgage  
26 modifications, many of whom lost their homes as a result of the error. Wells Fargo wrote in its 10-Q  
27 that approximately 625 customers were incorrectly denied a loan modification between April 12, 2010,  
28 and October 20, 2015 (when the error was corrected), and that approximately 400 of those instances



1 resulted in a foreclosure. Wells Fargo also wrote that it had “accrued \$8 million to remediate  
2 customers,” which amounts to an average of only \$12,800 per customer.

3 65. Three months later, in its next Form 10-Q, Wells Fargo disclosed that it had discovered  
4 related errors that affected approximately 245 more customers who were incorrectly denied a mortgage  
5 modification between March 15, 2010, and April 30, 2018, when Wells Fargo says that “new controls  
6 were implemented.” These related errors raised the number of affected customers to approximately 870  
7 and the resulting wrongful foreclosures to approximately 545.

8 66. Wells Fargo’s long-overdue review of its automated mortgage modification software is  
9 apparently still not complete. In its recently filed 10-K Annual Report, Wells Fargo disclosed to  
10 shareholders that the “effort to identify other instances in which customers may have experienced harm  
11 is ongoing, and it is possible that we may identify other areas of potential concern.”

12 67. In late 2018, Wells Fargo began sending form letters to the customers affected by the  
13 errors in its automated decision-making tools. The letters typically included a check for around  
14 \$15,000, and informed customers that if they were not satisfied with that amount, they could consider  
15 mediation through a third-party mediator that Wells Fargo has retained.

16 68. The amounts that Wells Fargo is offering its customers is nowhere near enough to  
17 compensate them for the damage that Wells Fargo’s conduct caused them, and indicates that while  
18 Wells Fargo wants the Federal Reserve to believe it has changed its ways, the company is unwilling to  
19 accept full responsibility for the life-altering consequences its behavior has wrought.

20 69. As a result of Wells Fargo’s conduct, the lives of Plaintiffs and class members have been  
21 irrevocably altered. Their damages include loss of their homes; loss of equity in their homes; loss of  
22 tax benefits; loss of appreciation in their homes’ value following foreclosure; loss of time and money  
23 spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and  
24 money to find new housing and move their families; loss of favorable interest rates or other favorable  
25 loan terms; damage to credit; opportunity costs due to damaged credit or higher mortgage payments;  
26 stress-related illnesses; broken marriages; children coping with the financial and emotional  
27 consequences of their parents losing the family home; and severe emotional distress.  
28



**PLAINTIFFS' EXPERIENCES****1. Debora Granja (California)**

70. Plaintiff Debora Granja purchased her home, located in Brentwood, California, with her then-husband in 2004. The couple eventually had three daughters living with them and put substantial time and money into making the house their own. Wells Fargo became Ms. Granja's mortgage lender following a refinance in 2006.

71. Around 2009, Ms. Granja's husband lost his job as a landscaping manager. Ms. Granja, who had been working only part-time, returned to full-time work to support her family.

72. Ms. Granja began seeking a loan modification from Wells Fargo in 2010. Each time she called Wells Fargo, she spoke to a different representative. Initially, the representatives told her that she would easily qualify for a modification based on her circumstances. Ms. Granja tried submitting her loan modification application numerous times. Each time, Wells Fargo would claim it lost her paperwork and would ask her to resend it.

73. Eventually, around 2012, Wells Fargo representatives falsely told Ms. Granja that she did not qualify for a modification. The Bank foreclosed on her house and Ms. Granja was forced to find a rental home for her family. Her daughters had to change schools and leave the only environment they knew.

74. Wells Fargo's failure to grant Ms. Granja a loan modification caused great strain on her marriage. Ms. Granja and her husband legally separated around the time of the foreclosure. The stress of the foreclosure also severely affected Ms. Granja's health. She was diagnosed with severe depression in 2013. Four years later, Ms. Granja was diagnosed with acute traumatic stress disorder. Her breakdown was triggered by a minor car accident but caused by an accumulation of stress over recent years, including from the foreclosure.

75. In September 2018, Ms. Granja's ex-husband received a letter from Wells Fargo informing him and Ms. Granja that their mortgage modification should have been approved but was not approved due to an error. He notified Ms. Granja of the letter and she contacted Wells Fargo to provide it with her contact information. Ms. Granja was one of the customers wrongly denied a mortgage modification because of systematic errors in Wells Fargo's automated decision-making tool.

1           76. As a result of Wells Fargo's repeated failure to properly test its automated decision-  
2 making tool, Ms. Granja's life has been irrevocably altered. Her injuries include loss of her family's  
3 home and the time and money put into that home; loss of equity in her home; loss of tax benefits; loss  
4 of appreciation in her home's value following the sale; loss of time and money spent to find  
5 replacement housing and move her family; loss of time and money spent in an effort to avoid  
6 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

7                   **2. Keith Lindner (California)**

8           77. Mr. Lindner bought a home for his family in Visalia, California in 2003, financing the  
9 purchase with a mortgage loan from Wells Fargo. He moved in shortly thereafter with his partner,  
10 daughter, and two young stepsons.

11           78. As a seasoned professional in the construction industry, Mr. Lindner made wholesale  
12 improvements to the home. He built a 16-by-24-foot addition, replaced the windows, carpeting,  
13 flooring and interior doors, installed new lighting, and rebuilt showers and closets, among other things.

14           79. In 2006, Mr. Lindner began to experience some medical issues. It took a long time for  
15 doctors to arrive at the correct diagnosis, and he eventually had surgery in 2008. Following the  
16 surgery, he was unable to work for two months. Around the same time, the construction industry began  
17 to suffer from the effects of the Great Recession. Mr. Lindner's partner, who by this time was his wife,  
18 had recently obtained a master's degree, but was having a hard time finding work. Mr. Lindner's father  
19 also fell ill, and Mr. Lindner missed more time at work to be with his ailing father.

20           80. In 2009, Mr. Lindner was laid off from his job with the company that had employed him  
21 for the previous seven years. This caused the Lindners' already-difficult financial situation to become  
22 critical. Mr. Lindner reached out to Wells Fargo to tell them about his financial difficulties and asked  
23 them if they could provide any assistance with his mortgage so that his family could stay in their  
24 home. Wells Fargo denied his request.

25           81. Mr. Lindner did everything he could to make ends meet, but money became tighter and  
26 tighter every month. This took a tremendous toll on the Lindners' marriage, and they separated in  
27 September of 2009. Mrs. Lindner moved out of the house with her two sons from a previous  
28 relationship, leaving Mr. Lindner with their son, who was about three years old at the time.

1           82.     Mr. Lindner continued to write hardship letters to Wells Fargo and to apply for a  
2 mortgage modification, but was rejected time and time again, both verbally and in writing. Eventually,  
3 Mr. Lindner realized that his situation was untenable, and he would have to leave the home. In 2011,  
4 Wells Fargo offered him a “cash for keys” deal and paid him \$2,000 to leave his home with his young  
5 son.

6           83.     Mr. Lindner and his son, who was in kindergarten or first grade at the time, were forced  
7 to live in a series of uncomfortable situations, renting rooms in other people’s houses until Mr. Lindner  
8 obtained his contractor’s license in 2013, and was finally able to rent a house in 2014.

9           84.     Mr. Lindner and his son suffered significant depression and anguish as a result of losing  
10 their home. The boy was sad about having to move from the only home he had known, and still fondly  
11 remembers it and the friends he left behind. Mr. Lindner was prescribed anti-depressants but did not  
12 have a good reaction to them. Mr. Lindner is still recovering from the impact of losing his home,  
13 having his credit destroyed, and everything else that he endured as a result of being denied a mortgage  
14 modification. His goal now is to be able to buy a home near his ex-wife so that he can be closer to his  
15 son and provide him with a secure home.

16           85.     In late 2018, Mr. Lindner received a letter from Wells Fargo informing him that his  
17 mortgage modification should have been approved but was not approved due to an error. Mr. Lindner  
18 was one of the customers wrongly denied a mortgage modification because of systematic errors in  
19 Wells Fargo’s automated decision-making tool.

20           86.     As a result of Wells Fargo’s repeated failure to properly test its automated decision-  
21 making tool, Mr. Lindner’s life has been irrevocably altered. His injuries include loss of his family’s  
22 home and the time and money put into that home; loss of equity in his home; loss of tax benefits; loss  
23 of appreciation in his home’s value; loss of time and money spent to find replacement housing and  
24 move his family; loss of time and money spent in an effort to avoid foreclosure; damage to his credit  
25 and resulting opportunity costs; and severe emotional distress.

26                   **3.     Emma White (Florida)**

27           87.     Plaintiff Emma White purchased her home, located in Callahan, Florida, in 2006. She  
28 was a single mother who moved into the house with her four children. The property was purchased

1 through a mortgage loan that Wells Fargo later acquired.

2 88. Around 2009, Ms. White began experiencing financial hardship. She had accumulated  
3 debt supporting her children and applied for a mortgage loan modification so that the family could keep  
4 their home. The loan modification process was long and complicated. Ms. White kept having to send  
5 in the same paperwork over and over again, only to ultimately receive a letter from Wells Fargo in 2013  
6 saying that she did not qualify for a modification.

7 89. Wells Fargo had already initiated foreclosure proceedings, so after it denied her request  
8 for a mortgage modification, Ms. White was forced to leave her house. She found a rental apartment in  
9 Jacksonville, Florida, for her and three of her children, while Wells Fargo completed its foreclosure of  
10 their old home.

11 90. Wells Fargo's actions caused Ms. White significant emotional distress. The foreclosure  
12 devastated her, especially because she had to support her children and work to make sure the family  
13 had a place to live. Ms. White had been suffering from the stress of supporting her children and other  
14 recent events in her life, and the foreclosure multiplied that stress. As a result of everything that was  
15 going on in her life, including the foreclosure, Ms. White was diagnosed with depression and began  
16 taking antidepressants. Ms. White's children were also affected by the foreclosure. She had to explain  
17 to them that she tried her best to keep the house, but ultimately could not do so.

18 91. In late 2018, Ms. White received a letter from Wells Fargo informing her that her  
19 mortgage modification should have been approved but was not approved due to an error. Ms. White  
20 was one of the customers wrongly denied a mortgage modification because of systematic errors in  
21 Wells Fargo's automated decision-making tool.

22 92. As a result of Wells Fargo's repeated failure to properly test its automated decision-  
23 making tool, Ms. White's life has been irrevocably altered. Her injuries include loss of her family's  
24 home and the time and money put into that home; loss of equity in her home; loss of tax benefits; loss  
25 of appreciation in her home's value following the sale; loss of time and money spent to find  
26 replacement housing and move her family; loss of time and money spent in an effort to avoid  
27 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.  
28

1                   **4.     Troy Frye (Georgia)**

2           93.     In 2009, Mr. Frye bought a home in Hephzibah, GA for he and his wife, their two young  
3 sons (who were about five and seven years old at the time), and his wife's daughter.

4           94.     Around the beginning of 2013, Mr. Frye was laid off from his job at a local  
5 manufacturing plant where he had been employed for about eight to ten years. He applied for and  
6 received unemployment assistance, but still was not able to make the monthly mortgage payments on  
7 his home. He reached out to Wells Fargo (his mortgage servicer), to see if they would grant him a  
8 mortgage modification, which they did in late February 2013.

9           95.     Unfortunately, Mr. Frye's new monthly mortgage payment was not significantly lower,  
10 and Mr. Frye continued to have difficulty making his payments. He attempted to get a second  
11 modification from Wells Fargo, but this time he was denied—both verbally and in writing. Wells  
12 Fargo then initiated foreclosure proceedings.

13           96.     The strain of Mr. Frye's financial hardship, coupled with the uncertainty and stress of  
14 the impending foreclosure, had a big impact on Mr. Frye and his family. The relationship between Mr.  
15 Frye and the mother of his children became very strained, and in 2014, she moved out with their two  
16 boys and her daughter, leaving Mr. Frye alone in the home.

17           97.     Mr. Frye was able to delay foreclosure proceedings for a while, but Wells Fargo  
18 persisted in their efforts to remove him from his home. Around the beginning of 2015, Wells Fargo  
19 asked him how much they would need to pay him to leave. Confused and frustrated by the situation,  
20 Mr. Frye said he would accept \$2,000. The house had recently been damaged by a kitchen fire that  
21 broke out while Mr. Frye was sleeping, and from which he was fortunate to escape with his life. He  
22 accepted the \$2,000 from Wells Fargo and moved out, as the house was no longer habitable.

23           98.     Mr. Frye and his children suffered emotional trauma and depression as a result of the  
24 foreclosure and the effects that it had on their lives. They all tried to move on as best they could.

25           99.     In late 2018, Mr. Frye received a letter from Wells Fargo informing him that his second  
26 mortgage modification request should have been approved but was not approved due to an error. Mr.  
27 Frye was one of the customers wrongly denied a mortgage modification because of systematic errors in  
28 Wells Fargo's automated decision-making tool.

100. As a result of Wells Fargo's repeated failure to properly test its automated decision-making tool, Mr. Frye's life has been irrevocably altered. His injuries include loss of his family's home and the time and money put into that home; loss of equity in his home; loss of tax benefits; loss of appreciation in his home's value; loss of time and money spent to find replacement housing and move his family; loss of time and money spent in an effort to avoid foreclosure; damage to his credit and resulting opportunity costs; and severe emotional distress.

**5. Coszetta Teague and Iesha Brown (Illinois)**

101. Plaintiff Coszetta Teague purchased a home in Calumet City, Illinois, for herself and her daughter, Plaintiff Iesha Brown, in June 2010. Ms. Teague's two young grandchildren moved in shortly thereafter. The property was purchased through a mortgage loan with Wells Fargo.

102. In 2011, Ms. Teague was laid off from her job at Chase Bank. That same year, Ms. Teague lost her mother and her property taxes went up. As a result, Ms. Teague could no longer afford to make her monthly payments, and reached out to Wells Fargo to see if they could help.

103. Wells Fargo told Ms. Teague to fill out paperwork. Ms. Teague did as she was told, but when she later inquired about the status of her modification request, she was told that it had been lost and that she would have to redo it. It took a long time for Wells Fargo to process Ms. Teague's application, and Wells Fargo's representatives were often impolite during the process, but eventually Wells Fargo told Ms. Teague that she did not qualify for a mortgage modification and it was going to initiate foreclosure proceedings.

104. Afraid that the sheriff was going to remove her from her home, Ms. Teague asked her brother to help move her belongings to storage. She hired a foreclosure defense attorney, who charged her \$4,000 but was unable to help. In or around March 2012, Wells Fargo told Ms. Teague she had 30 days before the sheriff would come and evict her. Ms. Teague and her family vacated the home in March or April of that year and Wells Fargo foreclosed shortly thereafter.

105. Ms. Teague, her daughter, and her two grandchildren were forced to live in Ms. Teague's car for roughly the next three years, until sometime around March 2015.

106. The experience was emotionally devastating for all concerned. Ms. Brown was very depressed and had suicidal ideations. She was in therapy from 2012 until 2017, and was prescribed

antidepressants, including Zoloft. The grandchildren, who were around four and nine at the time, were sad and confused about losing their home and having to live in a car, change schools, and leave all their friends. They shut down, stopped interacting with people, and were in therapy from 2012 to 2017. Ms. Teague was also diagnosed with depression following the foreclosure, and was prescribed antidepressants, including Zoloft. She began therapy in 2012 and has continued with it to the present day. She is on social security and disability.

107. In late 2018, Ms. Teague received a letter from Wells Fargo informing her that her mortgage modification should have been approved but was not approved due to an error. Ms. Teague was one of the customers wrongly denied a mortgage modification because of systematic errors in Wells Fargo's automated decision-making tool.

108. As a result of Wells Fargo's repeated failure to properly test its automated decision-making tool, Ms. Teague and Ms. Brown's lives have been irrevocably altered. Their injuries include loss of their home and the time and money put into that home; loss of equity in the home; loss of tax benefits; loss of appreciation in the home's value following the sale; loss of time and money spent to find replacement shelter and relocate; loss of time and money spent in an effort to avoid foreclosure; damage to Ms. Teague's credit and resulting opportunity costs; and severe emotional distress.

#### **6. Russell and Brenda Simoneaux (Louisiana)**

109. Plaintiffs Russell and Brenda Simoneaux purchased their home in Baton Rouge, Louisiana, in 1992.

110. Mr. and Mrs. Simoneaux contacted Wells Fargo, their mortgage loan servicer, in 2013 because Mr. Simoneaux had recently retired and the couple was living on a fixed income. They applied for a mortgage modification, but were denied.

111. Without a mortgage modification, Mr. and Mrs. Simoneaux had a very difficult time meeting their mortgage obligations. Mr. and Mrs. Simoneaux were both forced to take side jobs for extra income, the couple avoided eating out, and they watched every penny they spent for several years—until their mortgage was finally paid off in late 2018. It was an extremely stressful time.

112. In October 2018, Mr. and Mrs. Simoneaux received a letter from Wells Fargo informing them that their request for a mortgage modification should have been approved but was not approved



1 due to an error. Mr. and Mrs. Simoneaux were among the customers wrongly denied a mortgage  
2 modification because of systematic errors in Wells Fargo's automated decision-making tool.

3 113. As a result of Wells Fargo's repeated failure to properly test its automated decision-  
4 making tool, Mr. and Mrs. Simoneaux were forced to make numerous sacrifices and endure significant  
5 stress as they struggled to meet mortgage payments that should have been lowered. Their injuries  
6 include loss of more beneficial loan terms; loss of time spent avoiding foreclosure; and opportunity  
7 costs resulting from higher mortgage payments.

8 **7. John and Yvonne Demartino (Maryland)**

9 114. In 2008, Plaintiffs John and Yvonne Demartino bought a single-family home for  
10 \$239,000 in Baltimore, Maryland, with a mortgage loan from Wells Fargo. The home was located next  
11 door to their residence. The plan was for Yvonne's mother, Margaret, then in her late seventies and  
12 suffering from Parkinson's disease, to move in to be cared for by Yvonne when she was no longer able  
13 to live by herself.

14 115. After the Demartinos bought the home, their pregnant daughter and son-in-law moved  
15 in, with the understanding that they would pay the mortgage and live there until Margaret needed to  
16 move in. They got behind on their mortgage payments, however, and the Demartinos had to tap into  
17 their savings to bring the mortgage current. In or around 2013, the Demartinos' daughter and son-in-  
18 law fell behind on the mortgage payments again, but this time the Demartinos couldn't afford to bring  
19 the debt current. The Demartinos applied for a mortgage modification from Wells Fargo but were  
20 denied. Wells Fargo foreclosed on the home in around 2013 or 2014.

21 116. As a result of the foreclosure, the Demartinos' credit scores plummeted—they were  
22 forced to pay higher interest on auto loans and were not able to get a home equity line of credit. Mrs.  
23 Demartino worked for the Department of Defense, and her credit problems caused her great difficulty  
24 at work and threatened the security clearance that she needed for her job. She was eventually forced to  
25 retire early as a result of these issues.

26 117. Mr. and Mrs. Demartino suffered great stress and anxiety as a result of the foreclosure  
27 and its effect on their credit. They both developed high blood pressure, and they were humiliated and  
28 afraid to pick up the phone. Mr. Demartino has tried to get the foreclosure removed from his record.



1 He was told by Wells Fargo that it cannot be erased, however, because even though it was in error, the  
2 foreclosure did in fact occur.

3 118. Margaret, now 87, lives in a nursing home some distance away, and Mrs. Demartino has  
4 a difficult time getting there to see her. The Demartinos feel terrible every time they look at the house  
5 next door, where Margaret would be living under Mrs. Demartino's care had Wells Fargo not  
6 foreclosed on the home.

7 119. In late 2018, the Demartinos received a letter from Wells Fargo informing them that  
8 their request for a mortgage modification should have been approved but was not approved due to an  
9 error. The Demartinos were among the customers wrongly denied a mortgage modification because of  
10 systematic errors in Wells Fargo's automated decision-making tool.

11 120. As a result of Wells Fargo's repeated failure to properly test its automated decision-  
12 making tool, the Demartinos has suffered life-altering consequences. Their injuries include loss of their  
13 house time and money put into that house; loss of equity in the house; loss of appreciation in the  
14 house's value following the sale; loss of time and money spent to find replacement housing for Ms.  
15 Demartino's mother; loss of time and money spent in an effort to avoid foreclosure; damage to their  
16 credit and resulting opportunity costs; and severe emotional distress.

17 **8. Alicia Hernandez (New Jersey)**

18 121. Plaintiff Alicia Hernandez bought her studio condominium, located in North Bergen,  
19 New Jersey, in 2006. The property was purchased through a mortgage loan with Wells Fargo.

20 122. Ms. Hernandez already owned another unit in the complex and thought the studio, with a  
21 lot of work, could be developed into an attractive rental due to its close proximity to New York  
22 City. It's right across the river from Manhattan, and only a seven-minute drive from Times Square with  
23 no traffic. Ms. Hernandez planned to keep the property in her family forever. The unit also had a  
24 deeded parking spot, and parking is very difficult to come by in that area.

25 123. When Ms. Hernandez purchased her studio, it was just a shell—it had no kitchen and  
26 there were bullet holes in the door. But Ms. Hernandez was willing to put in the work, time, and  
27 money to create an income-generating property that could provide for her and her family. She tapped  
28 into her retirement account and installed new flooring, new appliances, new bathroom fixtures, recessed

1 lighting, and a new air conditioning unit. She also had to contribute additional money when the  
2 homeowners' association imposed special assessments.

3 124. During the Great Recession, Ms. Hernandez lost her job in a mass layoff, and with the  
4 property now her only source of income, had difficulty making her monthly mortgage payment. She  
5 applied for a mortgage modification in 2012-13, but Wells Fargo told her that she didn't qualify and  
6 instituted foreclosure proceedings in late 2013.

7 125. Ms. Hernandez fought foreclosure for several years, but Wells Fargo eventually  
8 foreclosed on her property in late 2015. The stress of the foreclosure process had a devastating effect  
9 on Ms. Hernandez and her husband. As non-lawyers, the anxiety and confusion of dealing with the  
10 court system and the legal process took a severe toll on them emotionally. Ms. Hernandez had a  
11 miscarriage during the foreclosure process and was hospitalized for the first time in her life. She also  
12 suffered insomnia, panic attacks, and difficulty breathing.

13 126. Ms. Hernandez's husband is a police officer, and both were very concerned about the  
14 effects that the foreclosure might have on him professionally. This put a lot of strain on their marriage  
15 and caused embarrassment when they ran into colleagues of his while attending court to fight  
16 foreclosure. Eventually, Ms. Hernandez and her husband moved to Easton, Pennsylvania, to escape the  
17 stress of being in the same community, and her husband now commutes approximately an hour and 15  
18 minutes to work.

19 127. In late 2018, Ms. Hernandez received a letter from Wells Fargo informing her that her  
20 request for a mortgage modification should have been approved but was not approved due to an error.  
21 Ms. Hernandez was one of the customers wrongly denied a mortgage modification because of  
22 systematic errors in Wells Fargo's automated decision-making tool.

23 128. As a result of Wells Fargo's repeated failure to properly test its automated decision-  
24 making tool, Ms. Hernandez has suffered life-altering consequences. Her injuries include loss of her  
25 property and the time and money put into that property; loss of equity in her property; loss of  
26 appreciation in her property's value following the sale; loss of time and money spent fighting  
27 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

1                   **9.       Rose Wilson (New York)**

2           129.   Plaintiff Rose Wilson purchased her home, located in Rochester, New York, in or  
3 around 1995. Ms. Wilson lived in the home for many years with her family, and put a lot of time and  
4 money into the property—including by renovating the kitchen and bathroom.

5           130.   After Ms. Wilson lost her job due to the economic downturn, however, she struggled to  
6 make the mortgage payments on her home.

7           131.   She applied for a mortgage modification from Wells Fargo (her mortgage servicer)  
8 multiple times over the course of several years. Wells Fargo kept stringing her along, requiring her to  
9 make monthly payments she could not afford in order to qualify for a mortgage modification, and then  
10 telling her the request had been denied and she would need to reapply and start the process all over  
11 again.

12          132.   Ms. Wilson's attempt to obtain a mortgage modification from Wells Fargo and save her  
13 home went on for years. During this time, Ms. Wilson had to make many sacrifices to keep making her  
14 mortgage payments. She tapped into her retirement account early, incurring tax penalties to do so.

15          133.   Ms. Wilson's efforts to save her home were ultimately unsuccessful, however, and Wells  
16 Fargo foreclosed in 2014. At the time of the foreclosure, Ms. Wilson's daughter, son-in-law, and their  
17 two children lived with her. They were all forced to move from their home to a cramped, moldy,  
18 rodent-infested rental property. The aftermath of the foreclosure caused Ms. Wilson significant stress  
19 and depression. She had worked hard to purchase a home and provide for her family, but after the  
20 foreclosure, Ms. Wilson felt utterly defeated and left with nothing. It has taken many years for the pain  
21 to subside, but she still feels immense sadness whenever she drives by her former house or thinks about  
22 her old life.

23          134.   In late 2018, Ms. Wilson received a letter from Wells Fargo informing her that her  
24 request for a mortgage modification should have been approved but was not approved due to an error.  
25 Ms. Wilson was one of the customers wrongly denied a mortgage modification because of systematic  
26 errors in Wells Fargo's automated decision-making tool.

27          135.   As a result of Wells Fargo's repeated failure to properly test its automated decision-  
28 making tool, Ms. Wilson has suffered life-altering consequences. Her injuries include loss of her home

1 and the time and money put into that property; loss of equity in her property; loss of appreciation in her  
2 property's value following the sale; loss of time and money spent fighting foreclosure; damage to her  
3 credit and resulting opportunity costs; and severe emotional distress.

4 **10. Tiffanie Hood (Ohio)**

5 136. In May of 2001, Ms. Hood bought a three-bedroom home for her family in Cincinnati,  
6 Ohio. She moved in with her young children—her son was about eight years old at the time, and her  
7 daughter was about 11.

8 137. The home was built in 1926 and needed quite a bit of work. Ms. Hood invested  
9 significant resources putting in a kitchen, repairing the roof, replacing the garage door and front door,  
10 and completing various other necessary repairs.

11 138. Over the course of the next decade, Ms. Hood's monthly payment obligation kept  
12 increasing—largely due to rising property taxes. She began having difficulty making the monthly  
13 payment and reached out to Wells Fargo for help. She applied several times for a mortgage  
14 modification but was rejected every time.

15 139. Ms. Hood went through several appeals processes in her efforts to obtain a mortgage  
16 modification that would allow her to keep her home but was stymied at every turn. Wells Fargo  
17 initiated foreclosure proceedings, and Ms. Hood and her family were forced out of their home in late  
18 2014.

19 140. With her credit destroyed by the foreclosure, Ms. Hood had a hard time finding a new  
20 place to live. Fortunately, her children's aunt owned a townhome that she allowed Ms. Hood to rent at  
21 a below-market rate, but after a year, they had to move again. Ms. Hood found an apartment that they  
22 were able to rent, but it was condemned by the city. Ms. Hood and her children were evicted and had  
23 to move yet again.

24 141. Ms. Hood and her children suffered emotional trauma and depression as a result of the  
25 foreclosure and the effects that it had on their lives. They all tried to move on as best they could.

26 142. In late 2018, Ms. Hood received a letter from Wells Fargo informing her that her  
27 mortgage modification should have been approved but was not approved due to an error. Ms. Hood  
28 was one of the customers wrongly denied a mortgage modification because of systematic errors in

1 Wells Fargo's automated decision-making tool.

2 143. As a result of Wells Fargo's repeated failure to properly test its automated decision-  
3 making tool, Ms. Hood's life has been irrevocably altered. Her injuries include loss of her family's home  
4 and the time and money put into that home; loss of equity in her home; loss of tax benefits; loss of  
5 appreciation in her home's value following foreclosure; loss of time and money spent to find  
6 replacement housing and move her family; loss of time and money spent in an effort to avoid  
7 foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

8 **11. George and Cyndi Floyd (Pennsylvania)**

9 144. Plaintiffs George and Cyndi Floyd purchased their home, located in Lancaster,  
10 Pennsylvania, in 2004. The property was purchased through a mortgage loan with Wachovia, which  
11 was later transferred to Wells Fargo.

12 145. After the financial crisis hit, the Floyds had difficulty making their mortgage payments.  
13 Mr. Floyd lost his job when the company he worked for closed, and Mrs. Floyd later lost her job due to  
14 the economic recession as well.

15 146. In an effort to save their home, the Floyds went to great lengths: they applied for  
16 numerous mortgage modifications over a period of two years; they paid a company to help them avoid  
17 foreclosure; and they spent countless hours reaching out to various other companies, government  
18 agencies, and even Congressional representatives for help.

19 147. The Floyds' efforts were ultimately unsuccessful. Wells Fargo denied their final request  
20 for a mortgage modification in November 2011 and initiated foreclosure proceedings. The Floyds were  
21 forced to move to a new home in Philadelphia.

22 148. The foreclosure process was emotionally devastating for the Floyds. Mr. Floyd is  
23 disabled and suffers from degenerative disc disease, arthritis throughout his body, and the aftereffects  
24 of failed bilateral knee replacements. Being forced to move by Wells Fargo was an extreme hardship  
25 that caused Mr. Floyd severe depression and emotional distress. He was hospitalized during the  
26 foreclosure process, and though he was eventually able to get through the move to Philadelphia, it took  
27 weeks and required the help of Mr. Floyd's nephew and high doses of pain medication. To this day,  
28 Mr. Floyd suffers from deep depression and anxiety because of what Wells Fargo has done to him and

1 his family.

2 149. In late 2018, the Floyds received a letter from Wells Fargo informing them that their  
3 mortgage modification should have been approved but was not approved due to an error. The Floyds  
4 were among the customers wrongly denied a mortgage modification because of systematic errors in  
5 Wells Fargo's automated decision-making tool.

6 150. As a result of Wells Fargo's repeated failure to properly test its automated decision-  
7 making tool, the Floyds lives were irrevocably altered. Their injuries include loss of their home and the  
8 time and money put into that home; loss of equity in their home; loss of tax benefits; loss of  
9 appreciation in their home's value following the sale; loss of time and money spent to find replacement  
10 housing and move their belongings; loss of time and money spent in their efforts to avoid foreclosure;  
11 damage to their credit and resulting opportunity costs; and severe emotional distress.

12 **12. Diana Trevino (Texas)**

13 151. In 2007, Plaintiff Diana Trevino purchased a three-bedroom home in Garland, Texas,  
14 where she lived with her husband and four children. Close family friend Roder Contreras co-signed the  
15 mortgage loan and resided in the home as well. When Mr. Contreras's grandmother became ill in 2010,  
16 he moved to El Salvador to take care of her. He stopped making his share of the payments on the  
17 Trevino home, and quitclaimed his interest in it to the Trevinos.

18 152. Because the Trevinos were unable to make the entire monthly mortgage payment  
19 without Mr. Contreras's contribution, Ms. Trevino applied for a mortgage modification from Wells  
20 Fargo and was approved. After making approximately five to eight payments under the modification  
21 plan, Ms. Trevino suffered another setback when her mother became ill with cancer. Ms. Trevino  
22 began missing a significant amount of work because she was taking time off to take care of her  
23 mother. She fell behind on the mortgage payments, and again sought assistance from Wells Fargo.

24 153. Wells Fargo told Ms. Trevino to stop making mortgage payments so that she could  
25 qualify for another mortgage modification, which they assured her she was likely to get. Ms. Trevino  
26 stopped making payments as instructed, instead devoting her limited financial resources to her children  
27 and ailing mother.

28 154. In 2013, Ms. Trevino received a call from Wells Fargo notifying her that she had not

1 been approved for a mortgage modification, and that Wells Fargo planned to initiate foreclosure  
2 proceedings. She was told she had 60 days to vacate the premises; a follow-up letter conveyed the  
3 same information.

4 155. Ms. Trevino had great difficulty finding a new place for her family to live, but  
5 eventually found a three-bedroom apartment in an undesirable neighborhood in Richardson,  
6 Texas. The lease was solely in her husband's name, because the foreclosure had ruined Ms. Trevino's  
7 credit.

8 156. In April of 2013, the Trevinos moved into the apartment. Ms. Trevino tried to keep her  
9 children in the same school in Garland, but the travel proved very difficult for the family. At times,  
10 some of the children were forced to live with their aunt so they could be nearer to their school. This  
11 was hard on the children, who couldn't understand why they had lost their home, or why their mother  
12 was so sad all of the time. Some of the children lost friends and started acting out at  
13 school. Uncharacteristically, her son and daughter were both suspended from school for misbehavior  
14 during this time period.

15 157. The stress of the foreclosure, among other factors, strained the Trevinos' marriage, and  
16 in 2013 they separated. Eventually they divorced. When the lease on their apartment expired, Ms.  
17 Trevino was unable to renew it because she had not been on the original lease, and her poor credit  
18 prevented her from getting a lease on her own. The Trevinos were evicted from the apartment and had  
19 a very hard time finding a new place to live.

20 158. Around the same time, Ms. Trevino's stress and depression got to the point that she  
21 wasn't eating or sleeping, and she had to be hospitalized with a bacterial infection. She lost her job and  
22 was unemployed for around ten months. She and her children survived on her unemployment benefits  
23 and the financial assistance of her sister. Two of Ms. Trevino's sons left college so that they could  
24 work and help support the family. Ms. Trevino and her family have worked hard to try to rebuild their  
25 lives in the wake of the foreclosure in 2013, and continue to do so to this day.

26 159. In late 2018, Ms. Trevino received a letter from Wells Fargo informing her that her  
27 mortgage modification should have been approved but was not approved due to an error. Ms. Trevino  
28 was one of the customers wrongly denied a mortgage modification because of systematic errors in



Wells Fargo's automated decision-making tool.

160. As a result of Wells Fargo's repeated failure to properly test its automated decision-making tool, Ms. Trevino's life has been irrevocably altered. Her injuries include loss of her family's home and the time and money put into that home; loss of equity in her home; loss of tax benefits; loss of appreciation in her home's value following the sale; loss of time and money spent to find replacement housing and move her family; loss of time and money spent in an effort to avoid foreclosure; damage to her credit and resulting opportunity costs; and severe emotional distress.

### CLASS ALLEGATIONS

161. Pursuant to Rule 23 of the Federal Rules of Civil Procedure, Plaintiffs seek to pursue their claims on behalf of a class of similarly situated persons. The parameters of the class may be refined through discovery and will be subject to Court approval and modification, but for purposes of this Complaint, Plaintiffs propose the following class definition:

#### Nationwide Class

All persons who (i) qualified for a mortgage loan modification or repayment plan pursuant to the requirements of government-sponsored enterprises (such as Fannie Mae and Freddie Mac), the Federal Housing Administration (FHA), the U.S. Department of Treasury's Home Affordable Modification Program (HAMP), or any other governmental entity or program; and (ii) were not offered a mortgage loan modification by Wells Fargo due to a systematic error in Wells Fargo's automated mortgage loan modification underwriting tool.

162. For purposes of this proposed class definition, "mortgage loan" refers to any loan secured by real property.

163. The Nationwide Class will pursue contract claims and UCL claims. Plaintiffs also propose that the Court consider several subclasses so that class members may pursue unique state law claims available to them.

164. The first group of subclasses would only be necessary if the Court determines that the UCL should not be applied to all class members. These subclasses would be defined as followed and cover the following states: California, Florida, Georgia, Illinois, Louisiana, Maryland, New Jersey, New York, Ohio, Pennsylvania, and Texas.



[State] Subclass

All members of the Nationwide Class whose mortgage loan was secured by real property located in [State].

165. The second group of subclasses would be defined as follows, and permit Plaintiffs to pursue wrongful foreclosure claims that exist under California and Georgia law.

[California / Georgia] Foreclosure Subclass

All members of the Nationwide Class whose mortgage loan was secured by real property located in [California / Georgia] who subsequently lost that property through a foreclosure.

166. Plaintiffs also propose that the Court certify a larger class for purposes of advancing Plaintiffs' claims for intentional infliction of emotional distress. This class would include children and other family members affected by Wells Fargo's wrongful conduct, and would be defined as follows:

IIED Class

All members of the Nationwide Class and all persons who resided at the subject property when Wells Fargo denied Nationwide Class members a mortgage modification and/or foreclosed on the property.

167. Plaintiffs anticipate that they will be able to identify all class and subclass members from Wells Fargo's records and that they can be notified of the pendency of this class action by mail.

168. The proposed class and subclasses meet each of the requirements for class certification pursuant to Rule 23(a) and Rule 23(b)(3).

169. Numerosity. The classes and subclasses are sufficiently numerous such that individual joinders are impracticable and less advantageous than proceeding through the class device. Based on Wells Fargo's public disclosures to date, the Nationwide Class consists of at least 870 persons. And based on information Wells Fargo has provided to Plaintiffs in this case, Plaintiffs estimate that each proposed Subclass consists of at least 20 persons, with the possible exception of the Georgia Foreclosure Subclass.

170. Commonality & Predominance. Common questions of law and fact exist as to the proposed classes and subclasses, and those common questions predominate over questions affecting only individual class members. These common questions include:

1. Whether Wells Fargo breached a standard notice requirement in mortgage contracts by

1 failing to notify class members they qualified for a mortgage modification;

2 2. Whether Wells Fargo's conduct, as alleged herein, was extreme and outrageous;

3 3. Whether Wells Fargo acted with reckless disregard for the probability that its conduct  
4 would cause emotional distress to its customers;

5 4. Wells Fargo owed Plaintiffs and class members a duty to exercise reasonable care when  
6 determining their eligibility for a mortgage modification; and

7 5. Whether Wells Fargo's failure to properly verify or audit its automated decision-making  
8 software constitutes an unfair practice.

9 171. Typicality. Plaintiffs' claims are typical of those asserted by the proposed classes and  
10 subclasses. Both Plaintiffs and class members seek to recover for injuries caused by Wells Fargo's  
11 failure to properly verify or audit its automated decision-making tool, which caused both Plaintiffs and  
12 class members to be denied mortgage modifications and/or to suffer emotional distress.

13 172. Adequacy. Plaintiffs will fairly and adequately represent and protect the interests of the  
14 members of the Class, as their interests do not conflict with the interest of the class members they seek  
15 to represent. Plaintiffs have retained counsel competent and experienced in complex class action  
16 litigation and intend to prosecute this action vigorously.

17 173. Superiority. A class action is superior to other available methods for the fair and  
18 efficient adjudication of this controversy. Successfully prosecuting class members' claims will require  
19 an in-depth knowledge of HAMP-related jurisprudence; intensive discovery of a banking giant  
20 defended by a large, global law firm; and depositions of several sophisticated banking executives and  
21 board members. These are matters that can only realistically be handled through unified class-wide  
22 representation, which can be conducted on a contingency basis and offers class members economies of  
23 scale unavailable in individual proceedings. A class action also has the benefit of comprehensive  
24 supervision by a single court and will avoid the risk of inconsistent results.

25 174. In the alternative to class certification under Rule 23(b)(3), the proposed class and  
26 subclasses may also be certified under Rule 23(b)(2) or Rule 23(c)(4). Wells Fargo has acted or  
27 refused to act on grounds generally applicable to the class, thereby making final injunctive relief or  
28 corresponding declaratory appropriate with respect to the class as a whole. And Plaintiffs' claims

1 present a number of discrete but complex factual and legal issues that could be resolved for all class  
2 members in a single proceeding.

### 3 **TOLLING ALLEGATIONS**

4 175. The causes of actions alleged herein did not accrue or were tolled until Plaintiffs and  
5 class members discovered, or could have discovered with the exercise of reasonable diligence, the facts  
6 giving rise to their legal claims.

7 176. Plaintiffs and class members were not aware that they qualified for a mortgage  
8 modification, and that Wells Fargo's automated decision-making tool had miscalculated their  
9 eligibility, until Wells Fargo informed them through letters mailed the second half of 2018.

10 177. Plaintiffs and class members had no realistic ability to discover these facts on their own.  
11 Wells Fargo's automated decision-making tool is not public, and the mathematical calculations used to  
12 determine eligibility for a mortgage modification depended on variables within Wells Fargo's exclusive  
13 control.

14 178. Any applicable statutes of limitations are also tolled by Wells Fargo's knowing, active,  
15 and ongoing concealment of the facts alleged herein. Wells Fargo discovered one of the software errors  
16 in October 2015 but deliberately concealed its discovery from Plaintiffs and from class members until  
17 the second half of 2018. Wells Fargo was under a continuous duty to disclose the truth to Plaintiffs and  
18 class members, and Plaintiffs and class members reasonably relied on Wells Fargo's ongoing  
19 concealment.

### 20 **CHOICE OF LAW ALLEGATIONS**

21 179. The State of California has sufficient contacts to the claims of nonresident Plaintiffs and  
22 class members such that application of California's Unfair Competition Law (UCL) is appropriate.

23 180. Wells Fargo does substantial business in California; WFC is headquartered in California;  
24 the Bank's principal place of business is in California; and a significant portion of the proposed  
25 Nationwide Class is located in California.

26 181. In addition, the practices that form the basis of Plaintiffs' and class members' UCL  
27 claims against Wells Fargo are centered in California, where WFC is headquartered. WFC owns and  
28 controlled the Bank, and is responsible for testing and auditing its mortgage modification operations for

1 compliance with HAMP and other government regulations.

2 182. Several of the executives and board members who failed to ensure that Wells Fargo  
3 properly tested and audited its mortgage modification operations were based in California. For  
4 example, public records indicate that at least four of the ten members who served on the Audit &  
5 Examination Committee between 2010 and 2017 were based in California—far more than any other  
6 state. In addition, at least one—and likely both—of the executives who served as WFC’s Chief  
7 Operational Risk Officer between 2010 and 2017, and thus were responsible for the compliance and  
8 audit reporting provided to the Compliance Committee and the Audit & Examination Committee, were  
9 based in WFC’s San Francisco office.

10 183. The State of California also has the strong regulatory interest in applying the UCL to all  
11 class members’ claims. The UCL is designed to preserve a business climate in California free of unfair  
12 and deceptive practices. If California were only able to address unfair business conduct when the  
13 injured consumer resides in California, the UCL would be largely ineffective at regulating companies  
14 who do business in all fifty states. Violators would be able to keep the vast majority of their ill-gotten  
15 gains (all those obtained from non-California consumers), leaving California-based companies like  
16 Wells Fargo undeterred from engaging in similar conduct in the future.

### 17 **FIRST CAUSE OF ACTION**

#### 18 **Breach of Contract Against Wells Fargo Bank** 19 **Brought on behalf of the Nationwide Class**

20 184. Plaintiffs Debora Granja, Keith Lindner, Emma White, Troy Frye, Coszetta Teague,  
21 John and Yvonne Demartino, Russell and Brenda Simoneaux, Alicia Hernandez, Rose Wilson, Tiffanie  
22 Hood, George and Cyndi Floyd, and Diana Trevino incorporate all preceding paragraphs as if fully set  
23 forth herein. They bring this claim on behalf of themselves and the Nationwide Class or, in the  
24 alternative, on behalf of themselves and the State Subclasses.

25 185. When Plaintiffs and class members financed their homes, they entered into Security  
26 Instruments (typically referred to as a mortgage, deed of trust, or security deed) that set forth the  
27 conditions under which the lender could accelerate the borrower’s payments and foreclose on the  
28 property.

186. Wells Fargo Bank was subject to the terms of these Security Instruments, either as the original lender, an assignee, or as the mortgage servicer authorized to act on behalf of the lender.

187. Under the Security Instruments, the Bank was required to give notice to Plaintiffs and class members before it was permitted to accelerate the remaining balance on their loans and initiate the foreclosure process. That notice was required to specify the borrower's default, the action required by the borrower to cure the default, and the date by which the borrower must cure the default to avoid acceleration and foreclosure proceedings.

188. The Bank breached its contractual obligations to Plaintiffs and class members by failing to give Plaintiffs and class members adequate notice prior to accelerating their loan payments, commencing the foreclosure process, and, in many instances, foreclosing on Plaintiffs' and class members' homes.

189. In particular, the Bank did not notify Plaintiffs and class members that they could cure their default and avoid acceleration and foreclosure by accepting a mortgage modification. Plaintiffs and class members qualified for a government-mandated mortgage modification, and the Bank was required to offer them a mortgage modification but failed to do so.

190. As a result of the Bank's breach, Plaintiffs and class members suffered damages in an amount subject to proof, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families and belongings; loss of favorable interest rates or other favorable loan terms; damage to credit; opportunity costs due to damaged credit or higher mortgage payments.

## **SECOND CAUSE OF ACTION**

### **Intentional Infliction of Emotional Distress Against All Defendants Brought on Behalf of the IIED Class**

191. Plaintiffs Debora Granja, Keith Lindner, Emma White, Troy Frye, Coszetta Teague, Iesha Brown, John and Yvonne Demartino, Alicia Hernandez, Rose Wilson, Tiffanie Hood, George and Cyndi Floyd, and Diana Trevino incorporate all preceding paragraphs as if fully set forth herein. They

bring this claim on behalf of themselves and the Nationwide Class or, in the alternative, on behalf of themselves and the State Subclasses.

192. Wells Fargo engaged in extreme and outrageous conduct as alleged herein. Wells Fargo repeatedly failed to properly verify or audit mortgage modification software on which its customers' homes and wellbeing depended. It allowed systemic errors to persist for five to eight years; ignored consent decrees requiring it to reform its mortgage modification and foreclosure practices; failed to reform its verification and auditing practices even after the government found a software error had led the Bank to wrongfully deny mortgage modifications; concealed its discovery of an additional software error from regulators and customers; and failed to identify other related errors for an additional three years.

193. The same extreme and outrageous conduct that caused a series of scandals and consumer abuses within Wells Fargo—leading the government to impose billions of dollars in fines and to forbid Wells Fargo from growing until reforms were implemented—was also responsible for Plaintiffs and class members losing their homes here. Wells Fargo's Board and executive leadership abandoned their oversight responsibilities to a shocking degree, repeatedly ignoring compliance failures, government fines, and consent decrees requiring leadership to implement appropriate auditing and compliance procedures.

194. With regard to the Bank's mortgage modification and foreclosure processes in particular, Wells Fargo's Board and executive leadership repeatedly failed to ensure the Bank conducted the necessary testing and audits to detect and promptly remedy any violations of HAMP or other government requirements. Wells Fargo's leadership ignored its oversight responsibilities even after the government found it had not adequately overseen the Bank's mortgage modification and foreclosure operations, even after it agreed to implement proper oversight as part of two 2011 consent orders, and even after the government found in 2015 that Wells Fargo had continuously failed to comply with the consent. Leadership so flagrantly and repeatedly disregarded its oversight responsibilities that the Federal Reserve imposed an asset-restriction on Wells Fargo, under which it will be prohibited from growing unless and until it reforms its oversight and governance.

195. Wells Fargo acted with reckless disregard for the probability that its conduct would

1 cause emotional distress to customers, including Plaintiffs and class members, who were wrongfully  
2 denied mortgage modifications and foreclosed upon.

3 196. As a result of Wells Fargo's conduct, Plaintiffs and class members have suffered severe  
4 emotional distress, as alleged herein, which has contributed to diagnoses of anxiety and depression,  
5 extended psychological therapy, hospitalizations, high blood pressure, various health problems, marital  
6 struggles, social withdrawal, childhood trauma, suicidal ideation, stress disorders, and a number of  
7 other physical, psychological, and social afflictions.

8 197. Plaintiffs and class members seek compensatory damages as well as punitive damages  
9 against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for the rights of  
10 Plaintiffs and class members.

11  
12 **THIRD CAUSE OF ACTION**  
13 **Negligence Against All Defendants**  
**Brought on Behalf of the California Subclass**

14 198. Plaintiffs Debora Granja and Keith Lindner incorporate all preceding paragraphs as if  
15 fully set forth herein. They bring this claim on behalf of themselves and the California Subclass.

16 199. Wells Fargo undertook to review Plaintiffs' and class members' mortgage loans for  
17 potential modification. In doing so, Wells Fargo owed Plaintiffs and class members a duty to exercise  
18 reasonable care when determining whether Plaintiffs and class members were eligible for a mortgage  
19 modification.

20 200. Wells Fargo breached its duty by evaluating Plaintiffs' and class members' eligibility  
21 using automated software that had not been properly verified or audited to ensure its accuracy. Wells  
22 Fargo permitted multiple systemic errors in its automated software to remain uncorrected for five to  
23 eight years. It failed to properly verify or audit its software even after the government required it to  
24 reform its mortgage modification and foreclosure process in 2011; even after the government found a  
25 software error had led the Bank to wrongfully deny mortgage modifications in 2013-2014; and even  
26 after it discovered another error in its software in 2015.

27 201. Wells Fargo's negligence is also presumed under the doctrine of negligence per se, as  
28 Wells Fargo's conduct violated HAMP; Wells Fargo's HAMP violations caused Plaintiffs and class



members to be wrongfully denied mortgage modifications and suffer damages, including loss of their homes to foreclosure; HAMP was designed to maximize assistance to homeowners and prevent foreclosures; and Plaintiffs and class members are among the homeowners for whose protection HAMP was adopted.

202. Wells Fargo's negligence caused Plaintiffs and class member to be wrongly denied a mortgage modification, resulting in damages subject to proof, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families; loss of favorable interest rates or other favorable loan terms; damage to credit; and opportunity costs due to damaged credit or higher mortgage payments; and emotional distress.

203. Plaintiffs and class members seek compensatory damages as well as punitive damages against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for the rights of Plaintiffs and class members.

#### **FOURTH CAUSE OF ACTION**

##### **Wrongful Foreclosure Against All Defendants**

##### **Brought on Behalf of the California and Georgia Foreclosure Subclasses**

204. Plaintiffs incorporate all preceding paragraphs as if fully set forth herein.

##### **California Foreclosure Subclass**

205. Plaintiffs Debora Granja and Keith Lindner bring this claim on behalf of themselves and the California Foreclosure Subclass.

206. Wells Fargo wrongfully foreclosed on Plaintiffs' and the California Foreclosure Subclass's real property pursuant to a power of sale in their Security Instruments. The foreclosure was unlawful and/or unfair because Wells Fargo did not first notify Plaintiffs and the California Foreclosure Subclass that they could cure their default by accepting a mortgage modification. Plaintiffs and class members qualified for the mortgage modification and Wells Fargo was required by the Security Agreements to notify Plaintiffs and class members of actions they could take to cure their default before exercising its power of sale.



207. Plaintiffs and class members were excused from tendering the amount of their secured indebtedness, and no breach of condition or failure of performance existed on the part of Plaintiffs and class members that would have authorized the foreclosure, because Wells Fargo was required to offer Plaintiffs and class members a mortgage modification before it could accelerate their secured indebtedness and initiate foreclosure proceedings.

208. Plaintiffs and class members were harmed by the wrongful foreclosure and suffered damages according to proof, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families; loss of favorable interest rates or other favorable loan terms; damage to credit; opportunity costs due to damaged credit; and emotional distress.

209. Plaintiffs and the California Foreclosure Subclass seek compensatory damages as well as punitive damages against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for the rights of Plaintiffs and class members.

#### **Georgia Foreclosure Subclass**

210. Plaintiff Troy Frye brings this claim on behalf of himself and the Georgia subclass

211. Wells Fargo owed Plaintiff Frye and the Georgia Foreclosure Subclass a duty to exercise the power of sale afforded it by Plaintiff's and class members' Security Instruments in conformance with the terms of the Security Instruments and in good faith.

212. Wells Fargo breached its duty by foreclosing on Plaintiff's and class members' homes without first giving Plaintiff and class members notice that they could cure their default by accepting a mortgage modification. Wells Fargo was required to do so under the terms of the Security Instruments. Alternatively, foreclosing on Plaintiff's and class members' homes without first offering them a mortgage modification to which they were entitled constitutes bad faith and unfair execution of the Wells Fargo's power of sale.

213. As a result of Wells Fargo's conduct, Plaintiff Frye and the Georgia Foreclosure Subclass lost their homes to foreclosure and suffered other damages to be proven at trial, including loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following

foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families; loss of favorable interest rates or other favorable loan terms; damage to credit; opportunity costs due to damaged credit; and emotional distress.

214. Plaintiff and the Georgia Foreclosure Subclass seek compensatory damages as well as punitive damages against Wells Fargo, whose conduct evidences a willful, wanton, and reckless disregard for the rights of Plaintiffs and class members.

### **FIFTH CAUSE OF ACTION**

#### **Violation of California's Homeowners Bill of Rights Against All Defendants Brought on Behalf of the California Subclass**

215. Plaintiffs Debora Granja and Keith Lindner incorporate all preceding paragraphs as if fully set forth herein. They bring this claim on behalf of themselves and the California Foreclosure Subclass.

216. Under California's Homeowners Bill of Rights, Wells Fargo had an obligation to ensure that competent and reliable evidence, including the borrower's loan status and information, supported its right to foreclose before it filed a notice of default or notice of sale in connection with the foreclosure of Plaintiffs' and class members' real property. Cal. Civ. Code § 2924.17.

217. Wells Fargo materially and recklessly violated its obligation because Plaintiffs' and class members' loan information did not support Wells Fargo's right to foreclose. Plaintiffs' and class members' loan information showed that they qualified for a mortgage modification. Wells Fargo was therefore required to offer Plaintiffs and class members the opportunity to cure their default by accepting a mortgage modification before it could exercise its right to foreclose under Plaintiffs' and class members' Security Instruments.

218. The automated software that Wells Fargo used to wrongly determine that Plaintiffs and class members did not qualify for a mortgage modification was not reliable and Wells Fargo was reckless in using the software and relying upon it to support its right to foreclose. The software's results had not been properly verified or audited, and as a result, multiple material errors remained uncorrected in the software for five to eight years. Wells Fargo willfully and recklessly continued to

1 rely on its software even after the government cited it for failing to adequately audit its mortgage  
 2 modification and foreclosure procedures; even after the government found a software error had led the  
 3 Bank to wrongfully deny mortgage modifications in 2013-2014; and even after Wells Fargo discovered  
 4 another software error that caused it to wrongly deny modifications in 2015.

5 219. As a result of Wells Fargo's violation of the Homeowners Bill of Rights, Plaintiffs  
 6 Granja and the California Foreclosure Subclass suffered damages according to proof, including loss of  
 7 their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes'  
 8 value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time  
 9 and money put into their homes; loss of time and money to find new housing and move their families;  
 10 loss of favorable interest rates or other favorable loan terms; damage to credit; and opportunity costs  
 11 due to damaged credit.

12 220. Pursuant to California Civil Code section 2924.19(b), Plaintiffs Granja and each member  
 13 of the California Foreclosure Subclass seek an award of treble actual damages or statutory damages of  
 14 \$50,000, whichever is greater.

### 15 **SIXTH CAUSE OF ACTION**

#### 16 **Violation of California's Unfair Competition Law Against All Defendants** 17 **Brought on Behalf of the Nationwide Class**

18 221. Plaintiffs Debora Granja, Keith Lindner, Emma White, Troy Frye, Coszetta Teague,  
 19 John and Yvonne Demartino, Russell and Brenda Simoneaux, Alicia Hernandez, Rose Wilson, Tiffanie  
 20 Hood, George and Cyndi Floyd, and Diana Trevino incorporate all preceding paragraphs as if fully set  
 21 forth herein. They bring this claim on behalf of themselves and the Nationwide Class.

22 222. In the alternative, should the Court decide that out-of-state plaintiffs may not maintain  
 23 this claim against Wells Fargo, Plaintiffs Debora Granja and Keith Lindner bring this claim on behalf  
 24 of themselves and the California Subclass.

25 223. Wells Fargo has violated and continues to violate California's Unfair Competition Law  
 26 (UCL), which prohibits unlawful, unfair, or fraudulent practices.

27 224. Wells Fargo engaged in unlawful practices by denying mortgage modifications to  
 28 Plaintiffs and class members in violation of HAMP and other governmental requirements.

1           225. Wells Fargo engaged in unfair practices by failing to properly verify or audit the  
2 automated software it used to determine whether Plaintiffs and class members were eligible for a  
3 mortgage modification. Wells Fargo's faulty verification and auditing practices allowed multiple  
4 systemic errors to remain uncorrected for five to eight years and persisted even after the government  
5 cited Wells Fargo for failing to adequately audit its mortgage modification and foreclosure processes;  
6 even after the government found a software error had led the Bank to wrongfully deny mortgage  
7 modifications in 2013-2014; and even after Wells Fargo discovered another software error that caused  
8 it to wrongly deny modifications in 2015.

9           226. Wells Fargo's Board and executive leadership further engaged in unfair practices by  
10 failing to properly oversee the Bank's compliance with HAMP and other governmental requirements.  
11 Wells Fargo's lack of central oversight has led to series of consumer abuses and billions of dollars in  
12 government fines. Yet despite repeatedly promising to reform its oversight practices, Wells Fargo's  
13 Board and executive leadership repeatedly failed to implement or maintain procedures to ensure the  
14 Bank was complying with HAMP or other applicable government requirements.

15           227. Both Wells Fargo's verification and auditing practices and its oversight practices are  
16 unethical, unscrupulous, or substantially injurious to consumers; any legitimate utility of the practices  
17 are outweighed by the harm to consumers; and the practices run afoul of the public policies underlying  
18 HAMP and California Homeowners Bill of Rights, which seek to help homeowners avoid foreclosure  
19 and promote fair mortgage lending and servicing practices.

20           228. As a result of Wells Fargo's violations of the UCL, Plaintiffs have suffered injury in fact  
21 and lost money and property, including loss of their homes; loss of equity in their homes; loss of tax  
22 benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent  
23 in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money  
24 to find new housing and move their families; loss of favorable interest rates or other favorable loan  
25 terms; damage to credit; and opportunity costs due to damaged credit.

26           229. Pursuant to California Business and Professions Code section 17203, Plaintiffs and class  
27 members seek such orders or judgments as may be necessary to prevent the Wells Fargo's future use of  
28 its unfair and unlawful practices, and to restore to Plaintiffs and class members any money or property

that may have been acquired by means of Wells Fargo's unfair competition.

### **SEVENTH CAUSE OF ACTION**

#### **Violation of State Consumer Protection Laws Against All Defendants Brought on Behalf of Five State Subclasses**

230. Plaintiffs incorporate all preceding paragraphs as if fully set forth herein. In the alternative or in addition to the preceding claim for violation of the UCL, Plaintiffs and class members seek recovery under the following state consumer protection statutes as detailed below.

#### **Illinois Subclass**

231. Plaintiff Coszetta Teague brings this claim on behalf of herself and the Illinois Subclass.

232. Wells Fargo's conduct as alleged herein violates the Illinois Consumer Fraud Act (ICFA), 815 ILCS 505/2, which prohibits unfair acts or practices in the conduct of any trade or commerce.

233. Wells Fargo engaged in unfair practices by denying mortgage modifications to Plaintiffs and class members in violation of HAMP and other governmental requirements; by failing to properly verify or audit the automated software it used to determine whether Plaintiffs and class members were eligible for a mortgage modification; and by failing to implement or maintain procedures to ensure the Bank was complying with HAMP or other government requirements.

234. As a result of Wells Fargo's violation of the ICFA, Plaintiff Teague and the Illinois Subclass suffered damages according to proof, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families; loss of favorable interest rates or other favorable loan terms; damage to credit; and opportunity costs due to damaged credit or higher mortgage payments.

235. Pursuant to 815 ILCS 505/10a, Plaintiff and the Illinois Subclass seek recovery of their actual economic damages, punitive damages, injunctive relief, and attorneys' fees and costs.

#### **Maryland Subclass**

236. Plaintiffs John and Yvonne Demartino bring this claim on behalf of themselves and the

1 Maryland Subclass.

2 237. Wells Fargo's conduct as alleged herein violates the Maryland Consumer Protection Act  
3 (MCPA), Md. Code Ann., Com. Law. §13-303, which prohibits unfair, abusive or deceptive practices.

4 238. Wells Fargo engaged in unfair practices by denying mortgage modifications to Plaintiffs  
5 and class members in violation of HAMP and other governmental requirements; by failing to properly  
6 verify or audit the automated software it used to determine whether Plaintiffs and class members were  
7 eligible for a mortgage modification; and by failing to implement or maintain procedures to ensure the  
8 Bank was complying with HAMP or other applicable government requirements.

9 239. Wells Fargo also violated both the MCPA and the Maryland Consumer Debt Collection  
10 Act (MDCA), Md. Code Ann. Com. Law § 14-202(8), by attempting to enforce a right to foreclose on  
11 Plaintiffs and class member's property with reckless disregard as to the falsity of the existence of the  
12 right.

13 240. The automated software that Wells Fargo used to wrongly determine that Plaintiffs and  
14 class members did not qualify for a mortgage modification was not reliable and Wells Fargo was  
15 reckless in using the software and relying upon it to support its right to foreclose. The software's  
16 results had not been properly verified or audited, and as a result, multiple material errors remained  
17 uncorrected in the software for five to eight years. Wells Fargo willfully and recklessly continued to  
18 rely on its software even after the government cited it for failing to adequately audit its mortgage  
19 modification and foreclosure procedures; even after the government found a software error had led the  
20 Bank to wrongfully deny mortgage modifications in 2013-2014; and even after Wells Fargo discovered  
21 another software error that caused it to wrongly deny modifications in 2015.

22 241. As a result of Wells Fargo's violations of the MCPA and MDCA, Plaintiffs and the  
23 Maryland Subclass suffered damages according to proof, including loss of their homes; loss of equity in  
24 their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss  
25 of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes;  
26 loss of time and money to find new housing and move their families; loss of favorable interest rates or  
27 other favorable loan terms; damage to credit; opportunity costs due to damaged credit or higher  
28 mortgage payments; and emotional distress.

242. Pursuant to Maryland Code Annotated, Commercial Law sections 13-408 and 14-203, Plaintiffs and the Maryland Subclass seek to recover damages, including damages for emotional distress and mental anguish, and an award of attorneys' fees and costs.

#### **New Jersey Subclass**

243. Plaintiff Alicia Hernandez brings this claim on behalf of herself and the New Jersey Subclass

244. Wells Fargo's conduct as alleged herein violates the New Jersey Consumer Fraud Act (NJCFRA), N.J.S.A. 56:8-2, which prohibits the use of any misrepresentation or deception in connection with the extension of credit or subsequent servicing of that credit.

245. Wells Fargo represented to Plaintiff and class members that they did not qualify for a mortgage modification. That representation was false and caused Plaintiff and class members ascertainable loss, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new housing and move their families; loss of favorable interest rates or other favorable loan terms; damage to credit; and opportunity costs due to damaged credit or higher mortgage payments.

246. Had Wells Fargo presented accurate information to Plaintiff and class members, they would have opted for the mortgage modification for which they qualified. If Wells Fargo still refused to provide Plaintiff and class members with a mortgage modification, they could and would have used the knowledge that they qualified for a mortgage modification to fight foreclosure.

247. Pursuant to N.J.S.A. 56:8-19, Plaintiff and the New Jersey Subclass request seek an award of treble damages, injunctive relief, and attorneys' fees and costs.

#### **New York Subclass**

248. Plaintiff Rose Wilson brings this claim on behalf of herself and the New York Subclass

249. Wells Fargo's conduct as alleged herein violates Section 349(a) of New York's General Business Law (GBL), which prohibits deceptive acts or practices

250. Wells Fargo's acts and practices were consumer-oriented, as they affected not only Plaintiff but similarly-situated consumers as well, and they had the potential to affect even more



1 consumers. The automated software that used to determine Plaintiff's and other consumers' eligibility  
2 for mortgage modifications was systematically flawed and generated inaccurate calculations.

3 251. The automated software's calculations had not been properly verified or audited, and as  
4 a result, multiple material errors remained uncorrected in the software for five to eight years. Wells  
5 Fargo willfully and recklessly continued to rely on its software even after the government cited it for  
6 failing to adequately audit its mortgage modification and foreclosure procedures; even after the  
7 government found a software error had led the Bank to wrongfully deny mortgage modifications in  
8 2013-2014; and even after Wells Fargo discovered another software error that caused it to wrongly  
9 deny modifications in 2015

10 252. Wells Fargo's practice of using systematically-flawed software was deceptive or  
11 misleading in a material respect, as it led Plaintiff and class members to believe that they did not  
12 qualify for a mortgage modification and caused them to be wrongly denied a mortgage modification.

13 253. Had Wells Fargo presented accurate information to Plaintiff and class members, they  
14 would have opted for the mortgage modification for which the qualified. If Wells Fargo still refused to  
15 provide Plaintiff and class members with a mortgage modification, they could and would have used the  
16 knowledge that they qualified for a mortgage modification to fight foreclosure.

17 254. As a result of Wells Fargo's violation of the GBL, Plaintiff and class members suffered  
18 damages, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss of  
19 appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to  
20 avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new  
21 housing and move their families; loss of favorable interest rates or other favorable loan terms; damage  
22 to credit; and opportunity costs due to damaged credit or higher mortgage payments.

23 255. Pursuant to N.Y. Gen. Bus. Law § 349(h), Plaintiff and the New York Subclass seek an  
24 award of damages, injunctive relief, and attorneys' fees.

25 **Pennsylvania Subclass**

26 256. Plaintiffs Cyndi and George Floyd bring this claim on behalf of themselves and the  
27 Pennsylvania Subclass.

28 257. Wells Fargo's conduct as alleged herein constitutes a violation of the Pennsylvania

1 Unfair Trade Practices and Consumer Protection Law (UTPCPL), 73 Pa. Stat. Ann. § 201-3, which  
2 prohibits unfair or deceptive acts or practices in the conduct of trade or commerce.

3 258. Wells Fargo's practice of using systematically-flawed software to calculate Plaintiffs'  
4 and class members' eligibility for mortgage loan modifications was unfair and deceptive, as it led  
5 Plaintiffs and class members to believe that they did not qualify for a mortgage modification and  
6 caused them to be wrongly denied a mortgage modification.

7 259. The automated software's calculations had not been properly verified or audited, and as  
8 a result, multiple material errors remained uncorrected in the software for five to eight years. Wells  
9 Fargo willfully and recklessly continued to rely on its software even after the government cited it for  
10 failing to adequately audit its mortgage modification and foreclosure procedures; even after the  
11 government found a software error had led the Bank to wrongfully deny mortgage modifications in  
12 2013-2014; and even after Wells Fargo discovered another software error that caused it to wrongly  
13 deny modifications in 2015.

14 260. Plaintiffs and class members justifiably relied on Wells Fargo's determination that they  
15 did not qualify for a mortgage modification. Had Wells Fargo presented accurate information to  
16 Plaintiffs and class members, they would have opted for the mortgage modification for which the  
17 qualified. If Wells Fargo still refused to provide Plaintiffs and class members with a mortgage  
18 modification, they could and would have used the knowledge that they qualified for a mortgage  
19 modification to fight foreclosure.

20 261. As a result of Wells Fargo's violation of the UTPCPL, Plaintiffs and class members  
21 suffered damages, including loss of their homes; loss of equity in their homes; loss of tax benefits; loss  
22 of appreciation in their homes' value following foreclosure; loss of time and money spent in an effort to  
23 avoid foreclosure; loss of time and money put into their homes; loss of time and money to find new  
24 housing and move their families; loss of favorable interest rates or other favorable loan terms; damage  
25 to credit; and opportunity costs due to damaged credit or higher mortgage payments.

26 262. Pursuant to 73 Pa. Stat. Ann. § 201-9.2, Plaintiffs and the Pennsylvania Subclass seek an  
27 award of treble damages, equitable relief, and attorneys' fees and costs.  
28

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiffs, on behalf of themselves and those similarly situated, request the following relief:

- a. A determination that this action may be maintained as a class action;
- b. An award of all damages and restitution to be paid according to proof, including statutory damages, treble damages, and punitive damages where appropriate;
- c. Appropriate injunctive and equitable relief, including an order enjoining Wells Fargo from continuing its unlawful practices;
- d. Pre-judgment interest and post-judgment interest, as provided by law;
- e. Attorneys' fees and costs of suit, including expert fees and costs;
- f. Any and all other legal and equitable relief that the Court may find appropriate.

**DEMAND FOR JURY TRIAL**

Plaintiffs demand trial by jury for all issues so triable.

Dated: February 28, 2019

/s/ Michael L. Schrag

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